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DEPARTMENT OF FINANCIAL INSTITUTIONS

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GREG GONZALES  
COMMISSIONER

TO: Tennessee Industrial Loan and Thrift ("TILT") Companies  
FROM: Mike Igney, Assistant Commissioner *MI*  
RE: Legislative Update – HB2316/SB2279  
DATE: June 19, 2009

The Department of Financial Institutions (DFI) recently provided a notice dated May 27, 2009, to all TILT registrants engaged in the business of making residential mortgage loans. That notice, which is posted on the DFI website (<http://www.tennessee.gov/tdfi>), was to advise of pending state legislation to implement the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act). **Please be advised that HB2316/SB2279, affecting your company, has passed the General Assembly and is expected to be signed into law by Governor Bredeesen any day.** Please monitor the DFI website for news that the legislation has been signed into law by the Governor, and also to review a copy of the legislation.

As previously indicated, the DFI has been working on a "transition plan" to assist TILT registrants with coming into compliance with the requirements of HB2316/SB2279. A current version of the "transition plan" is enclosed with this notice - please carefully review the transition plan, as well as HB2316/SB2279 if you have not already done so, and begin your transition to compliance. As detailed in the transition plan, various resources are available to assist you. In addition, the DFI will provide new information via future mailings and by posting updates on the DFI website.

This notice is being sent now, prior to the legislation becoming law, because once signed into law, **the legislation provides that the first deadline for compliance is July 30, 2009.** By July 30, 2009, all TILT registrants in the business of making residential mortgage loans must "register" one or more "mortgage loan originators" with the DFI, or else the company will lose authority to make residential mortgage loans. The legislation further provides that, after the July 30, 2009 deadline, your company may only make mortgage loans using "licensed" mortgage loan originators; EXCEPT that, so long as you "register" your originators by July 30, those individuals can continue originating mortgage loans for your company thru the end of the year, and will not have to apply for mortgage loan originator licenses until the period November 1 thru December 31, 2009.

**\*Do NOT rely solely on the DFI and the Transition Plan to assure compliance. Each company is responsible for reading the law and knowing the new requirements. Failure to comply with the new requirements may result in civil penalties, refunds, and/or other measures.**